

THE BATTLE FOR IRAQI OIL

US Corporate Skulduggery since WWI

The Bush administration's current warmongering stance against Iraq has a history that can be traced back to the carve-up of Iraqi oil at the end of World War I.

by Richard Becker © 2002

Reprinted from *Workers World*
October 31, 2002

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How and why did US involvement in Iraq begin? In all the countless hours the corporate media devote to broadcasting the Bush administration's lies and deceits about Iraq, that simple and crucial question is almost never addressed. And for good reason. Since its very beginning eight decades ago, US policy toward Iraq has been intensely focused on one objective: taking control of that country's rich oil resources.

The roots of US intervention in Iraq lie in the aftermath of World War I. It was a war between capitalist empires. On one side were the German, Austro-Hungarian and Ottoman (Turkish) empires. On the other side was the British-French-Russian imperial entente. Most of the Middle East was under Ottoman control.

The British, through their agent T. E. Lawrence—known to moviegoers as "Lawrence of Arabia"—promised Arab leaders that if they fought with Britain against their Turkish rulers, the British would support the creation of an independent Arab state after the war.

At the same time, the British, French and Russian foreign ministries were secretly signing the Sykes-Picot agreement. Sykes-Picot re-carved the Middle East. The agreement was made public after the Russian Revolution of 1917 by the Bolshevik Party, which denounced it as imperialist.

Mass revolts broke out all over the Middle East when the Arab and Kurdish peoples discovered their betrayal at the hands of the imperial "democracies". The rebellions continued throughout the colonial period. Repression was brutal in the extreme. In 1925, for instance, the British dropped poison gas on the Kurdish town of Sulaimaniya in Iraq—the first time that gas was deployed from warplanes.

BRITAIN AND FRANCE DIVIDE UP THE MIDDLE EAST

After the war ended in 1918, Britain and France proceeded with their plans. Lebanon and Syria, they agreed, would be incorporated into the French Empire. Palestine, Jordan and the two southern provinces of Iraq—Baghdad and Basra—would become part of the far-flung British Empire.

What they didn't agree about was who would get Mosul province, the northern area of present-day Iraq. According to the Sykes-Picot accord, it was part of the French "sphere of influence". The British were determined, however, to add Mosul, which was mainly Kurdish in population, to their new Iraq colony. To back its claim, the British Army occupied Mosul four days after the Turkish surrender in October 1918—and never left.

The resolution of the inter-imperialist struggle between Britain and France over Mosul brought with it the beginning of the US role in Iraq.

Mosul's importance to the big powers was based on its known, but as of then largely undeveloped, oil resources. The United States had entered World War I on the side of Britain and France in 1917, after both its allies and enemies were largely exhausted. US conditions for entering the war included the demand that its economic and political objectives be taken into account in the postwar world. Among those objectives was access to new sources of raw materials, particularly oil.

In February 1919, Sir Arthur Hirtzel, a top British colonial official, warned his associates: "It should be borne in mind that the Standard Oil Company is very anxious to take over Iraq." (*Quoted in Peter Sluglett, Britain in Iraq, 1914-32, London, 1974.*)

In the face of the British-French domination of the region, the United States at first demanded an "Open Door" policy. US oil companies should be allowed to negotiate

contracts freely with the new puppet monarchy of King Faisal, whom the British had installed on the throne in Iraq.

The solution to the victorious allies' conflict over Iraq was found in dividing up Iraq's oil. The British kept Mosul as part of their new Iraq colony.

NOT ONE DROP FOR IRAQ

Iraq's oil was split five ways: 23.75 per cent each to Britain, France, Holland and the United States. The remaining five per cent went to an oil baron named Caloste Gulbenkian, known as "Mr Five-Percenter", who helped negotiate the agreement. Exactly *zero* per cent of Iraq's oil belonged to Iraq. That's how it was to stay until the revolution of 1958.

In 1927, major oil exploration got underway. Huge deposits were discovered in Mosul province. Two years later, the Iraqi Petroleum Company—composed of Anglo-Iranian (today British Petroleum), Shell, Mobil and Standard Oil of New Jersey (Exxon)—was set up. Within a few years it had totally monopolised Iraqi oil production.

During the same period the al-Saud family, with Washington's backing, conquered much of the neighbouring Arabian peninsula. Saudi Arabia came into being in the 1930s as a neocolony of the United States. The US embassy in Riyadh, the Saudi capital, was located in the Aramco (Arab American Oil Company) building.

But the US oil companies and their government in Washington weren't satisfied. They wanted complete control of the Middle East's oil, just as they had a near-monopoly of the Western hemisphere's petroleum reserves. This meant displacing the British, who were still top dog in the region.

UNITED STATES EYES BRITISH INTERESTS

The US opportunity came as a result of World War II. While the United States and Britain are generally depicted as the closest of wartime allies, the fact is that they were at the same time fierce opponents.

The war greatly weakened the British Empire both at home and abroad, with the loss of key colonies in Asia. In the early stages

of the war, 1939–42, it was a question whether Britain would survive. It was never fully to recover its former dominance.

The US, on the other hand, grew increasingly powerful throughout the war—which the Washington rulers had once again bided their time before entering. In the latter stages of World War II, the Roosevelt and Truman administrations, dominated by big banking, oil and other corporate interests, were determined to restructure the postwar world to ensure the dominant position of the United States. The key elements in their strategy were:

(1) US military superiority in nuclear and conventional weaponry;

(2) US-dominated corporate globalisation, using the International Monetary Fund and World Bank, created in 1944, and establishment of the dollar as the world currency; and

(3) control of global resources, particularly oil.

While the fighting was still raging on the battlefields, a behind-the-scenes struggle for global economic control was unfolding between the United States and Britain. So intense was this battle that on March 4, 1944—three months before the D-Day invasion at

Normandy—British Prime Minister Winston Churchill sent a message to US President Franklin Roosevelt that was unusual in its imperialist content and hostile tone:

"Thank you very much for your assurances about no sheep's eyes [looking enviously—RB] on our oilfields in Iran and Iraq. Let me reciprocate by giving you the fullest assurance that we have no thought of trying to horn in upon your interests or property in Saudi Arabia. My position in this, as in all matters, is that Great Britain seeks no advantage, territorial or otherwise, as a result of this war. On the other hand, she will not be deprived of anything which rightly belongs to her after having given her best services to the good cause, at least not so long as your humble servant is entrusted with the conduct of her affairs." (Quoted in Gabriel Kolko, *The Politics of War*, New York, 1968.)

What this note clearly shows is that the US leaders were so intent on taking over Iran and Iraq, both important neocolonies of Britain, that they had set off alarm bells in British ruling circles.

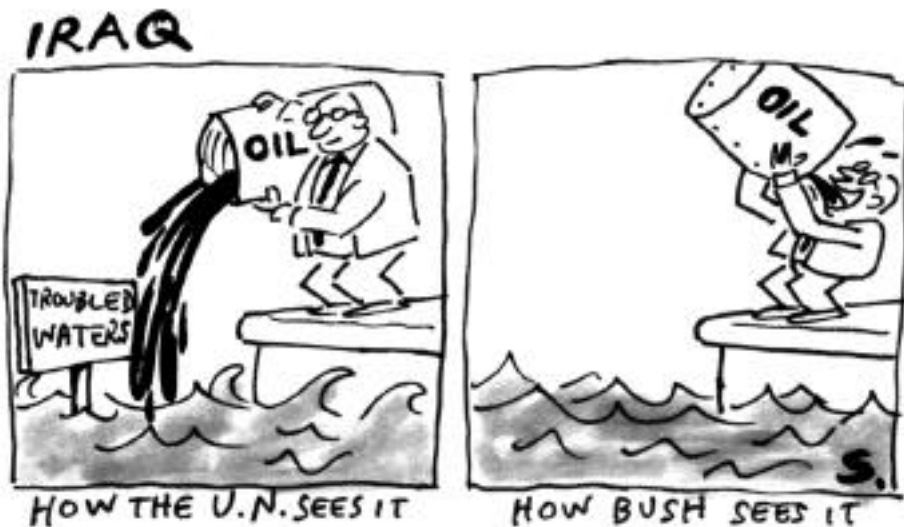
Despite Churchill's bluster, there was nothing the British could do to restrain rising US power. Within a few years, the British ruling class would adapt to the new reality and accept the role of Washington's junior partner.

US ROLE EXPANDS AFTER WORLD WAR II

In 1953, after the CIA coup that put the Shah in power, the United States took control of Iran. By the mid-1950s, Iraq was jointly controlled by the United States and Britain.

Washington set up the Baghdad Pact, which included its client regimes in Pakistan, Iran, Turkey and Iraq, along with Britain, in 1955. The Baghdad Pact, or CENTO—Central Treaty Organization—had two purposes.

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The first was to oppose the rise of Arab and other liberation movements in the Middle East and South Asia. The second purpose was for it to be another in a series of military alliances—NATO, SEATO and ANZUS were the others—encircling the socialist camp of the Soviet Union, China, Eastern Europe, North Korea and North Vietnam.

Iraq, the core of CENTO, was independent only in name. The British maintained military airfields in Iraq. While the country was extremely rich in oil, having 10 per cent of the world's reserves, the people lived in extreme poverty and hunger. The rate of illiteracy was over 80 per cent. There was one doctor for every 6,000 people; one dentist for every 500,000.

Iraq was ruled by a corrupt monarchy under King Faisal II and a coterie of feudal landowners and merchant capitalists.

Underlying Iraq's poverty was the simple fact that Iraq did not own its vast oil reserves.

THE IRAQI REVOLUTION

But on July 14, 1958, Iraq was rocked by a powerful social explosion. A military rebellion turned into a countrywide revolution. The king and his administration were suddenly gone, the recipients of people's justice.

Washington and Wall Street were stunned. In the week that followed, the *New York Times*, the US "newspaper of record", had virtually no stories in its first 10 pages other than those about the Iraqi Revolution.

While another great revolution that took place just six months later in Cuba is better remembered today, Washington regarded the Iraqi upheaval as far more threatening to its vital interests at the time.

President Dwight D. Eisenhower called it "the gravest crisis since the Korean War". The day after the Iraqi Revolution, 20,000 US Marines began landing in Lebanon. The day after that, 6,600 British paratroopers were dropped into Jordan.

This is what came to be known as the "Eisenhower Doctrine". The United States would intervene directly—go to war—to prevent the spread of revolution in the vital Middle East.

US and British expeditionary forces went in to save the neo-colonial governments in Lebanon and Jordan. Had they not, the popular impulse from Iraq would have surely brought down the rotten dependent regimes in Beirut and Amman.

But Eisenhower, his generals and his arch-imperialist Secretary of State John Foster Dulles also had something else in mind: invading Iraq, overturning the revolution and installing a new puppet government in Baghdad.

Three factors forced Washington to abandon that plan in 1958: the sweeping character of the Iraqi Revolution; the announcement by the United Arab Republic, which bordered Iraq, that its forces would fight the imperialists if they sought to invade; and the emphatic support of the People's Republic of China and the Soviet Union for the revolution. The USSR began a mobilisation of troops in the southern Soviet republics close to Iraq.

The combination of these factors forced the US leaders to accept the existence of the Iraqi Revolution. But Washington never really reconciled itself to the loss of Iraq.

Over the next three decades, the US government applied many tactics designed to weaken and undermine Iraq as an independent country. At various times—such as after Iraq completed the nationalisation of the Iraqi Petroleum Company in 1972 and signed a defence treaty with the USSR—the United States gave massive military support to right-wing Kurdish elements fighting Baghdad and added Iraq to its list of "terrorist states".

The United States supported the more rightist elements within the post-revolution political structure against the communist and leftist-nationalist forces. For example, the United States applauded the suppression of the Iraqi Communist Party and Left-led labour unions by the Ba'ath Party government of Saddam Hussein in the late 1970s.

In the 1980s, the United States encouraged and helped to fund and arm Iraq in its war against Iran. US domination of the latter was ended by Iran's Islamic Revolution in 1979. In reality,

though, the US aim in the Iran-Iraq war was to weaken and destroy both countries. Ex-Secretary of State Henry Kissinger revealed the real US attitude about the war when he said: "I hope they kill each other."

The Pentagon provided Iraq's air force with satellite photos of Iranian targets. At the same time, as the Iran-Contra scandal revealed, the United States was sending anti-aircraft missiles to Iran.

The Iran-Iraq war was a disaster, killing a million people and weakening both countries.

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COLLAPSE OF THE USSR AND GULF WAR

When the Iran-Iraq war finally ended in 1988, developments in the Soviet Union were posing a new and even graver danger to Iraq, which had a military and friendship treaty with the USSR. In pursuit of "permanent *détente*" with the United States, the Gorbachev leadership in Moscow began to cut its support for its allies in the developing world.

In 1989, Gorbachev went further and withdrew support for the socialist governments in Eastern Europe, most of

which then collapsed. This sharp shift in the world relationship of forces—culminating in the collapse of the Soviet Union itself two years later—constituted the greatest victory for US imperialism since World War II. It also opened the door for the US war against Iraq in 1991, and more than a decade of sanctions, blockades and bombings that have devastated Iraq and its people.

Today, the Bush administration is seeking to win public support for a new war against Iraq, by talking about "weapons of mass destruction" and "human rights". The reality is that Washington is concerned about neither Iraq's diminished military capacity nor human rights anywhere in the world. What moves US policy toward Iraq in 2002 is the same objective that motivated Washington and Wall Street 80 years ago: oil.

Editor's Note:

Richard Becker's article comes via the Workers World News Service and is reprinted from the October 31, 2002, issue of *Workers World*. For further information, contact WWNS, 55 West 17th Street, New York, NY 10011, USA, email ww@wwpublish.com, website <http://www.workers.org>.

COLIN CAMPBELL ON OIL

Perhaps the World's Foremost Expert on Oil and the
Oil Business Confirms the Ever More Apparent
Reality of the Post-9-11 World

by Michael C. Ruppert © October 23, 2002

Before we turn to this interview, it is necessary for the reader to understand several critical factors about oil and oil production. Almost every current human endeavour, from transportation to manufacturing to plastics and especially to food production, is inextricably intertwined with oil and natural gas supplies.

All oil production follows a bell curve, whether in an individual field or on the planet as a whole. On the upslope of the curve, production costs are significantly lower than on the downslope when extra effort (expense) is required to extract oil from reservoirs that are emptying out. The best and easiest to produce oil is always extracted first to maximise profits.

In 100 years, mankind has used half of all the oil on the planet, oil that took billions of years to produce and is the result of climatic conditions that have existed at only one time in the Earth's 4.5-billion-year history. Oil is a non-renewable resource.

The key event in the "petroleum era" is not when the oil runs out but when oil production peaks, especially as demand and population are rising. World per-capita oil production peaked in 1979 and has been in decline since. The peak in volume of total world oil production is upon us right now, even as the demand—or, better said, the need—for oil is increasing rapidly.

Several things are a given. Firstly, the total remaining conventional oil on the planet is estimated to be around one trillion barrels. Secondly, at present rates (not those of five or 10 years from now), the world is using close to 80 million barrels per day. At this rate, there would be only enough oil to sustain the planet for another 35 years under the best of scenarios.

But the oil that remains is going to be increasingly expensive to produce and will tend to be of a lesser quality, necessitating higher refining costs, than what has already been used. All of those costs will have to be passed on in the form of price hikes or, in some cases, spikes. Oil price spikes invariably lead to recession. The world's economy is based upon the sale of products that are either made from oil or need hydrocarbon energy (including natural gas) to operate, either via internal combustion or via electricity.

Different regions of the world peak in oil production at different times. The US peaked in the early 1970s. Europe, Russia and the North Sea have also peaked. However, the OPEC nations of the Middle East will peak last. Within a few years, they—or whoever controls them—will be in effective control of the world oil economy and, in essence, of human civilisation as a whole. Two of the nations that will peak last are Saudi Arabia and Iraq, both

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of which will not peak until the middle of the next decade. Saudi Arabia contains 25 per cent of all the oil on the planet; Iraq contains 11 per cent.

Science and the oil industry have confirmed that there is very little oil left to be found, certainly not enough to make a difference in this grim picture—a picture which goes a long way toward explaining the events of 9-11 and since.

From The Wilderness (FTW): What will be the likely effects of hitting the downslope of production?

Colin Campbell: Big question. Simply stated: war, starvation, economic recession, possibly even the extinction of *Homo sapiens*, insofar as the evolution of life on Earth has always been accomplished by the extinction of over-adapted species (when their environmental niche changed for geologic or climatic reasons), leaving simpler forms to continue and eventually giving rise to new, more adapted species. If *Homo sapiens* figures out how to move back to simplicity, he will be the first to do so.

FTW: How soon before we start to feel the effects of dwindling oil supplies?

Campbell: We already are—in the form of the threatened US invasion of the Middle East. The US would have to be importing 90 per cent of its oil by 2020 to hold even current demand, and access to foreign oil has long been officially declared a vital national interest justifying military intervention. Probable actual physical shortage of all liquid hydrocarbons worldwide won't appear for about 20 years, especially if deepening recession holds down demand. But people are coming to appreciate that peak is imminent and what it means. Some places like the US will face shortage sooner than others. The price is likely to soar as shortage looms, which itself may delay peak.

If the US does invade, there will likely be a repeat of Vietnam with many years of fruitless struggle in which the US will be seen as a tyrant and an oppressor, killing all those Arabs. It can't hope to subjugate the place in perpetuity, as the Palestinians have shown. So when the US has finally gone, Russia and China will likely be welcomed there to produce whatever is left in the ruins.

FTW: Are the major oil companies currently downsizing?

Campbell: The majors are merging and downsizing and outsourcing and not investing in new refineries because they know full well that production is set to decline and that the exploration opportunities are getting fewer and fewer. Who would drill in 10,000 feet of water if there were anywhere else easier left?

But the companies have to sing to the stockmarket, and merger hides the collapse of the weaker brethren. The staff is purged on merger, and the combined budget ends up much less than the sum of the previous components. Besides, a lot of the executives and bankers make a lot of money from the merger.

FTW: How much oil is really left?

Campbell: You have to think of different categories of oil. Speaking of conventional, which is the easy, cheap stuff that has supplied most uses to date and will dominate all supply far into the future, there is about one trillion barrels left. To this you have to add:

- (a) Oil from coal, "shale" tar sands, heavy oil: the resource is very large, but the extraction rate is low and costly, sometimes giving negative net energy;
- (b) Deepwater oil (from a depth of greater than 500 metres): about 60 billion barrels;
- (c) Polar: about 30 billion, maybe;
- (d) Natural gas liquids: about 300 billion barrels.

FTW: Will Central Asian/Caspian pipelines have an impact on the crisis? How long will it take them to come on line?

Campbell: There was talk of the place holding over 200 Gb [billion barrels]—I think emanating from the USGS [US Geological Survey]—but the results after 10 years of work have been disappointing. The West came in with high hopes. The Soviets found Tengiz onshore in 1979 with about 6 Gb of very deep, high-sulphur oil in a reef. Chevron took over and is now producing it with difficulty. But offshore they found a huge prospect called Kashagan in a similar geological setting to Tengiz. If it had been full, it could have contained 200 Gb, but they have now drilled three deep wells at huge cost, finding that instead of being a single reservoir, it—like Tengiz—is made up of reefs. Reserves are now quoted at between 9 Gb and 13 Gb. BP–Statoil has pulled out. Caspian production won't make any

material difference to world supply. There is, however, a lot of gas in the vicinity. To put it in perspective, this Caspian oil would supply the world for a little over a year, but it is broadly the same as US potential.

It is quite possible that the Afghan war was about securing a strong point in this area. But interest in it has now dwindled, along with Caspian prospects, as the US turns to Iraq, which does have some oil. It is curious that these two US military exercises had/have different pretexts:

- (a) Afghanistan was to find the supposed architect of September 11—in which the US failed; and
- (b) Iraq is about a sudden and unexplained fear that it might develop some objectionable weapons that might pose a threat to someone in the future.

North Korea, which already has nuclear weapons and long-

range missiles—and isn't exactly a friendly place—is not deemed a threat. [Note: In mid-October, North Korea owned up to its nuclear weapons program, though the Americans have known about it for years. Ed.]

The cynic can be forgiven for thinking there is some other motive for these military moves. Could it be oil?

FTW: When and how was it discovered that the Central Asian reserves were much smaller than anticipated?

Campbell: I guess you could say over the past 24 months as the different pieces in the jigsaw fell into place. There is no single event or date, but, rather, an evolving picture.

FTW: What about replacement sources and alternative energy? Tar sands?

Campbell: Of course, there are alternatives ranging from wind, sun, tide, nuclear, etc., but today they contribute only a very small percentage and do not come close to matching the oil of the past in terms of cost or convenience. No doubt production from tar sands and heavy oils can be stepped up in the future but it is painfully slow and expensive, carrying also environmental costs. It will help ameliorate the decline, but has minimal impact on peak. The simple solution is to use less. We are extremely wasteful energy-users. But it involves a fundamental

change of attitude and the rejection of classical economic principles, which were built on endless growth in a world of limitless resources. Those days are over, exacerbated by the soaring population—itself now set to decline, partly from energy shortage.

FTW: Has anyone determined what percentage of oil is used for military purposes worldwide? If so, how much?

Campbell: I don't know how much is used for military purposes, but it must be considerable. The US has built a huge stockpile in the Middle East for the war.

FTW: Is China the end game of competition for oil?

Campbell: Yes, China is in desperate need of imports as its own supply depletes. It has been very thoroughly explored. It will be vying with the US for access to foreign oil. It is already well established in Iraq.

That is about how I see it.

World per-capita oil production peaked in 1979 and has been in decline since.

Editor's Note:

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(FTW is published 11 times a year; subscriptions are US\$50 in USA for 12 issues, or US\$60 foreign.)

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For more information on Colin Campbell's work, on ASPO and the Oil Depletion Analysis Centre, visit the website <http://www.oilcrisis.com/aspo>.